

**Functional Series 500 – Management Services
ADS 593 - Reviews Conducted by the Government Accountability Office (GAO)**

Table of Contents

<u>593.1</u>	<u>OVERVIEW</u>	<u>2</u>
<u>593.2</u>	<u>PRIMARY RESPONSIBILITIES</u>	<u>2</u>
<u>593.3</u>	<u>POLICY DIRECTIVES AND REQUIRED PROCEDURES</u>	<u>4</u>
<u>*593.3.1</u>	<u>Notification Letter</u>	<u>4</u>
<u>593.3.2</u>	<u>Review Initiation and Entrance Conference</u>	<u>4</u>
<u>593.3.3</u>	<u>Security Clearances and Overseas Visits</u>	<u>4</u>
<u>593.3.4</u>	<u>GAO Access and Cooperation</u>	<u>4</u>
<u>*593.3.5</u>	<u>Exit Conference</u>	<u>4</u>
<u>*593.3.6</u>	<u>Draft Report</u>	<u>5</u>
<u>*593.3.7</u>	<u>Final Report</u>	<u>5</u>
<u>593.3.8</u>	<u>Statements to OMB</u>	<u>6</u>
<u>593.3.9</u>	<u>Statements to Congress</u>	<u>6</u>
<u>593.3.10</u>	<u>OMB Clearance and/or Coordination Requirements</u>	<u>7</u>
<u>593.3.11</u>	<u>Follow-Up of Audit Recommendations</u>	<u>7</u>
<u>593.3.12</u>	<u>GAO Follow-Up</u>	<u>7</u>
<u>593.4</u>	<u>MANDATORY REFERENCES</u>	<u>8</u>
<u>593.4.1</u>	<u>External Mandatory References</u>	<u>8</u>
<u>593.4.2</u>	<u>Internal Mandatory References</u>	<u>8</u>
<u>593.5</u>	<u>ADDITIONAL HELP</u>	<u>8</u>
<u>593.6</u>	<u>DEFINITIONS</u>	<u>8</u>

*An asterisk indicates that the adjacent material is new or substantively revised.

ADS 593 - Reviews Conducted by the Government Accountability Office (GAO)

593.1 OVERVIEW

Effective Date: 07/03/1997

This chapter provides the policy directives and required procedures for reviews and audits and audit follow-up with the Government Accountability Office (GAO). It delineates the requirements for cooperation with GAO on its reviews and studies of Agency activities.

593.2 PRIMARY RESPONSIBILITIES

Effective Date: 01/01/2004

- a. The **Assistant Administrator, Bureau for Management (AA/M)** serves as the Agency's Audit Follow-Up Official for all types of audits, including those conducted by GAO.
- b. The **Bureau for Legislative and Public Affairs (LPA)**
 - Clears all Agency formal comments on GAO draft and final reports with recommendations; and
 - Signs and delivers congressional transmittals of Agency responses to final reports containing recommendations.
- c. The **Office of Inspector General (OIG)**
 - Maintains liaison with GAO, including attending all entrance and exit conferences for GAO audits and reviews;
 - Provides GAO with OIG audit reports on activities that GAO plans to audit; and
 - Reviews the Agency's management of GAO recommendations in the Consolidated Audit Tracking System (CATS).
- d. The **Bureau for Management, Office of Management Planning and Innovation (M/MPI)**
 - Initially receives, on behalf of the Agency, written communications and reports from GAO;
 - Interacts with GAO staff as necessary to ensure adequate and timely responses to GAO reports and inquiries;
 - Serves as the Agency's focal point for the analysis and tracking of GAO reports and inquiries, as well as outgoing correspondence related to GAO activities;

- Assigns action for GAO reviews and ensures that appropriate Agency staff are informed of GAO activities;
 - Monitors the status of corrective action on GAO recommendations and informs action officials of GAO's acceptance of final action on the recommendations;
 - Schedules and coordinates entrance and exit conferences for GAO reviews;
 - Maintains all aspects of the CATS database on GAO activities; and
 - Provides staff support to the Agency's Audit Follow-Up Official on matters related to GAO activities.
- e. The **Audit Management Officer (AMO)** is a representative designated within each Bureau or Independent Office who
- Serves as M/MPI's contact for GAO work processing;
 - Assists M/MPI with scheduling and coordinating entrance and exit conferences;
 - Ensures that GAO inquiries are assigned to appropriate personnel for action;
 - Ensures that action officers coordinate with M/MPI and other cognizant personnel;
 - Directs the tracking action/status of recommendations, and provides periodic reports regarding status to M/MPI; and
 - Coordinates all GAO issues with M/MPI.
- f. The **Management Action Official (MAO)** is an official designated within the cognizant Bureau or Independent Office who
- Assists M/MPI with coordination, where necessary, and attends entrance and exit conferences;
 - Drafts replies to GAO inquiries and correspondence;
 - Keeps M/MPI informed of the status of ongoing reviews; and
 - Coordinates with the AMO to track the action/status of recommendations.

593.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

593.3.1 Notification Letter

Effective Date: 08/20/2004

*The Government Accountability Office (GAO) initiates all reviews and inquiries regarding Agency activities with a formal notification letter. GAO sends the notification letters to the USAID Administrator and the Bureau for Management, Office of Management Planning and Innovation (M/MPI), and sends copies directly to the OIG.

*Upon receipt, M/MPI logs notification letters into the GAO tracking system, assigns an M/MPI tracking number, forwards the letter with a tasking document to the appropriate action Bureau or Office, and sends information copies to other interested offices.

593.3.2 Review Initiation and Entrance Conference

Effective Date: 01/01/2004

GAO reviews and evaluations are initiated upon receipt of the notification letter and by scheduling the entrance conference.

M/MPI, in consultation with the assigned Management Action Official (**MAO**), schedules the entrance conference with GAO. M/MPI notifies all interested agencies, Offices, Bureaus, OIG, etc., of the date, time, and location of the conference. M/MPI chairs the conference and maintains the official GAO files.

593.3.3 Security Clearances and Overseas Visits

Effective Date: 07/03/1997

Security clearances and country clearance cables are required for GAO evaluators visiting overseas.

593.3.4 GAO Access and Cooperation

Effective Date: 07/03/1997

GAO evaluators, upon providing verification of identity and security clearance, have access to all Agency files and records, classified or unclassified. USAID employees must provide full cooperation and support in order to facilitate the timely accomplishment of GAO reviews.

593.3.5 Exit Conference

Effective Date: 08/20/2004

*Exit conferences are requested at the discretion of either the Agency or GAO. M/MPI and the OIG must be notified of any requests for an exit conference. M/MPI schedules, coordinates, and chairs exit conferences.

593.3.6 Draft Report

Effective Date: 08/20/2004

*GAO issues a draft report to USAID (with a copy directly to the OIG) for review and comment, so that the final report incorporates USAID's views. USAID must provide comments on draft GAO reports within 30 calendar days of issuance or within the timeframe imposed by GAO.

*Upon receipt of a draft report from GAO, M/MPI reviews and disseminates the report to the appropriate AMO and MAO for preparation of the Agency's response, and to other appropriate officials. The MAO must coordinate all input and clearances, including a clearance from the Bureau for Legislative and Public Affairs (**LPA**). The MAO prepares the response package in accordance with the instructions and format provided by M/MPI. The response package must be forwarded to M/MPI for review by the suspense date issued by M/MPI. M/MPI obtains the Audit Follow-Up Official's signature and forwards the Agency's letter to GAO with a copy to the OIG. If the Agency cannot respond to a report by the date imposed by GAO, M/MPI may request an extension.

In some cases, GAO requests informal comments or a check for accuracy and completeness before preparing or presenting the final product. In these circumstances, M/MPI instructs AMOs on special requirements for comments.

593.3.7 Final Report

Effective Date: 08/20/2004

*GAO issues a final report to the Congress and/or to agency heads (with a copy directly to the OIG). The final reports may or may not have recommendations. M/MPI receives the final reports for processing in accordance with the following:

a. Reports With Recommendations

The Agency must submit any comments regarding final GAO reports with recommendations to GAO within **60** calendar days of the date of the report.

*M/MPI reviews and disseminates reports with recommendations to the appropriate MAO for preparation of the Agency's formal response. The response includes Agency views and identifies action taken, or planned, in response to each finding or recommendation. When corrective action is incomplete, still under study, or planned, USAID must include a statement of when it expects the action to be completed and must report on corrective action after completion.

The procedures for preparing the Agency's response to GAO audit recommendations are as follows:

- The MAO coordinates all Agency input and clearances, including LPA's clearance. The response is prepared in accordance with instructions provided by M/MPI.

- The MAO sends the response package to M/MPI for review by the suspense date specified by M/MPI.
- M/MPI resolves any issues, obtains the Audit Follow-Up Official's signature, and forwards the Agency's response letter to GAO and other addressees.
- M/MPI submits a copy of the response to the OIG.

b. Reports With No Recommendations

*If the final report contains no recommendations, M/MPI transmits it to all interested Bureaus and Offices. The same is required for other GAO products such as letter reports, briefing reports, or testimony.

No further action by the Agency is required.

593.3.8 Statements to OMB
Effective Date: 07/03/1997

The USAID GAO liaison must submit a statement to the Director, Office of Management and Budget (**OMB**) within **60** calendar days from the date of the formal transmittal of a final GAO report to the Agency if

- a. The report contains a specific recommendation for the Administrator;
- b. The report contains financial statements accompanied by either a qualified audit opinion or a disclaimer of opinion;
- c. The report indicates that there is a violation of the Antideficiency Act or other laws that has not been reported to the appropriate authorities; or
- d. When requested by OMB.

The response is prepared in accordance with 593.3.7a and serves as the statement to OMB.

593.3.9 Statements to Congress
Effective Date: 01/01/2004

When a GAO report contains recommendations for the Administrator, the Agency must submit a written statement addressing the recommendations within **60** calendar days of the date of the report to the appropriate Senate and House Committees.

The response is prepared in accordance with 593.3.7a and serves as the statement to the congressional committees. M/MPI prepares the transmittal letters.

593.3.10 OMB Clearance and/or Coordination Requirements

Effective Date: 01/01/2004

Agency statements to congressional committees, individual members of Congress, or GAO are subject to advance coordination with and/or clearance by OMB when the statement

- a. Expresses views on proposed or pending legislation; or
- b. Deals with other agencies, or with executive branch budget policies.

The Agency's Audit Follow-Up Official must request OMB clearance. The request is sent in duplicate via letter to the Director, OMB. The clearance process must be completed before USAID transmits the statement.

593.3.11 Follow-Up of Audit Recommendations

Effective Date: 07/03/1997

Follow-up is an on-going process that includes the following:

- M/MPI enters and tracks all GAO recommendations in the Agency's Consolidated Audit Tracking System (**CATS**).
- MAOs must keep the cognizant AMO and M/MPI advised of the status of recommendations. As actions are taken within the Agency to satisfy GAO recommendations, cognizant AMOs and MAOs must document the actions and notify M/MPI.
- When the cognizant MAO believes that final action has been taken to address a recommendation, he or she drafts a letter to GAO for the signature of the Agency Audit Follow-Up Official. M/MPI must clear all letters to GAO prior to submission to the Agency Audit Follow-Up Official (**AA/M**).
- When GAO accepts the Agency's final action, it eliminates the recommendation from the **GAO Report on the Status of Recommendations**, which documents GAO's acceptance of the final action.

The OIG periodically reviews the Agency's handling of and the status of GAO recommendations in the CATS.

593.3.12 GAO Follow-Up

Effective Date: 07/03/1997

GAO follows up to ensure that action has been taken on its recommendations and that the actions have achieved the desired results. GAO follow-up includes

- Discussing the status of recommendations with cognizant Agency personnel;

- Obtaining copies of documents supporting implementation; and
- Testing transactions to validate the results.

GAO updates the status of recommendations twice each fiscal year.

- The first cycle update includes GAO products with recommendations pending corrective action that were issued through February.
- The second update includes products issued through August. The second update is used as the basis for an annual report on the status of recommendations pending corrective action, which GAO provides to the Agency and to Congress once a year.

593.4 MANDATORY REFERENCES

593.4.1 External Mandatory References

a. GAO's authority to conduct reviews:

- [31 U.S.C. 712](#)
- [31 U.S.C. 716](#)
- [31 U.S.C. 717](#)
- [31 U.S.C. 718](#)
- [31 U.S.C. 720](#)
- [Office of Management and Budget \(OMB\) Circular A-50, Audit Follow-up](#)
(authority for the designated Audit Follow-Up Official)

593.4.2 Internal Mandatory References

593.5 ADDITIONAL HELP

593.6 DEFINITIONS

Effective Date: 01/01/2004

The following terms and definitions have been included into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

Agency Audit Follow-Up Official

The senior management official designated by the Administrator in accordance with OMB Circular A-50 to oversee audit follow-up. The Assistant Administrator for Management is USAID's Audit Follow-Up Official. (Chapters 593, 595)

audit follow-up

The process used to ensure that prompt and responsive action is taken on findings and recommendations contained in final audit reports. (Chapters 593, 595)

Audit Management Officer (AMO)

The individual designated to coordinate and monitor the overall audit program at the Mission, Bureau, or Independent Office level. (Chapters 591, 592, 593, 595)

Consolidated Audit Tracking System (CATS)

An audit report and recommendation follow-up and tracking system shared by USAID and the Office of Inspector General (**OIG**). (Chapters 593, 595)

entrance conference

A meeting to discuss the planned review, including time constraints, preliminary scope and contacts, issues, sensitivities, points of contact, referrals for information, and preliminary requests for information/documents. (Chapters 590, 592, 593)

exit conference

A meeting upon completion of an audit to discuss findings. (Chapters 590, 592, 593)

GAO products

Briefing reports, letter reports, fact sheets, reports with or without recommendations, and testimony. (Chapter 593)

Government Accountability Office (GAO)

The legislative branch agency responsible for auditing and evaluating programs, activities, and financial operations of the executive branch. (Chapter 593)

job code

A six-digit code included in GAO notification letters that identifies and tracks a review in progress. This number is used until issuance of a final report number by GAO. (Chapter 593)

Management Action Official (MAO)

The USAID employee assigned specific responsibility for responding to recommendations from audits and ensuring that corrective action is completed. (Chapters 593, 596)

notification letter

A letter from GAO that announces a new review. The letter normally includes a brief description of the review intent and scope, the Congressional origin, GAO contact information, the job code, and fieldwork destinations if known. (Chapter 593)

593_081704_w071804_cd37